

**STATE OF ARIZONA
FY 2010 BUDGET REDUCTIONS - ISSUE DESCRIPTIONS**

MARICOPA COMMUNITY COLLEGES

Issue Title: Buildings and Grounds Maintenance

Issue Priority: 1

Reduction Amounts:

GENERAL Fund:

Total: \$

Amount: \$

Issue Description and Statement of Effects

The voters in Maricopa County overwhelming approved a 2004 General Obligation bond program as well as 1994 program. We took the implementation of these programs very seriously, and we will have roughly doubled the amount of classroom and support space when the 2004 program is complete. On-going maintenance of these facilities is a critical stewardship responsibility.

The Maricopa Community Colleges currently budget \$1.4 million per year for preventive maintenance and we budget \$20.1 million for salaries and benefits to employ 335 custodians, groundskeepers and crafts persons to maintain our facilities and grounds on a daily basis. Our crafts employees include electricians, plumbers, and other tradespersons. Additionally, we contract for some cleaning and other maintenance and repair services. All of this is to maintain 5.3 million square feet of classroom and support space and 1,550 acres of property.

With a budget of \$1.4 million, that is a mere 26¢ per year per square foot spent on preventive maintenance. Preventive maintenance is defined as a planned and controlled program of periodic inspection, adjustment, lubrication, replacement of components as well as testing and analysis intended to extend the useful life of building systems, finishes and equipment.

Typical projects include:

- Chiller maintenance – to assure the best working order of the single most expensive piece of equipment we buy
- Required regulatory testing/certification/recertification of fire sprinkler systems, fire extinguishers, gas lines, science lab fume hoods, emergency lighting, etc.

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- Chemical treatment of water in chillers, etc
- Elevator maintenance
- Replacement of HVAC filters, roofing patches, parts for landscaping irrigation repairs, pipe and flush valves, wire and bulbs for electrical systems

In terms of staff who maintain our physical plant, we spend only \$3.79 per square foot of physical space.

Every 10% reduction in these budgets equates to \$ 2.2 million. In general, already lean staffing and financial support will be spread further.

The impact of a cut to preventive maintenance is that less preventive maintenance work will be performed and the need to fund capital renovations and major maintenance will come sooner. With the on-going suspension of capital state aid, funding for these projects does not exist. This imperils the district's ability to serve existing students and to serve increased numbers of students. Note that fall enrollment is up 15%--an increase in headcount of approximately 15,000 students and nearly 9,000 full-time student equivalents. To the extent that we are not able to adequately maintain our buildings, our ability to serve students will be compromised and may result in capped enrollment, even at a time when demand is at its height and the need to retrain people for new jobs is acute.

Reduction in the numbers of custodial, grounds keeping and crafts staff will mean that our buildings and grounds will be less clean, less safe, and are likely to result in higher costs when we need to contract for plumbing, electrical and other trades work.

To the extent that positions are cut, layoffs will result.

**STATE OF ARIZONA
FY 2010 BUDGET REDUCTIONS - ISSUE DESCRIPTIONS**

MARICOPA COMMUNITY COLLEGES

Issue Title: Technology, Business, Human Resources and Other Administrative
Functions

Issue Priority: 2

Reduction Amounts:
GENERAL Fund: \$

Total: \$

Amount: \$

Issue Description and Statement of Effects

In developing the FY08-9 and FY09-10 budgets, the district implemented budget reductions, many of which were to administrative areas such as information technology, business operations, human resources, etc. Notably, administration as a percent of budget dropped from 14% in FY08-9 to 10% in FY09-10.

We will continue to examine these support functions for further reductions. These budgets total \$89 million.

Negative impacts of further reductions to these areas include:

- delayed purchasing
- delayed vendor payments
- difficulty in staffing mandatory state reporting
- potential compliance issues with accounting, purchasing, human resources other requirements
- delayed processing of hires and grievances
- delays in fixing technology
- delays in technology upgrades, meaning that automation that could create efficiencies is delayed

**STATE OF ARIZONA
FY 2010 BUDGET REDUCTIONS - ISSUE DESCRIPTIONS**

MARICOPA COMMUNITY COLLEGES

Issue Title: Student Services

Issue Priority: 3

Reduction Amounts:
GENERAL Fund:

Total: \$

Amount: \$

Issue Description and Statement of Effects

The District budgets \$57 million for a wide array of student services. These services not only support the academic program by ensuring that students are admitted to classes but support the development of the student as a leader and community member. Examples of student services include:

- admissions and records – the gateway to a college education.
- financial aid, which was awarded to about 45,000 students in FY08-09.
- testing
- career development
- veteran's services
- athletics
- student leadership development including leadership programs, student government, student clubs

A 10% cut to student services is \$5.7 million. With 73.7% of the budget in salaries and benefits, most cuts would be to positions. This means an increase in processing times to enroll in classes, receive financial aid, be tested for course placement, and receive any kind of specialized career or other counseling. This degradation of service will impact students' ability to succeed in higher education.

**STATE OF ARIZONA
FY 2010 BUDGET REDUCTIONS - ISSUE DESCRIPTIONS**

MARICOPA COMMUNITY COLLEGES

Issue Title: Student Scholarships

Issue Priority: 4

Reduction Amounts:
GENERAL Fund: \$

Total: \$

Amount: \$

Issue Description and Statement of Effects

The District budgets \$14 million for student scholarships. These are both merit and need based. An example of a merit based scholarship is our Presidential Scholarships program, awarded to the top 15% of high school graduates who subsequently attend our college district. Need based scholarships are awarded based on financial need.

All of our colleges award federal financial aid. Maricopa scholarships supplement these mostly need based federal awards. Unlike the State's public universities, the State's community colleges do not receive any state support for scholarships.

To address an additional state cut, we also would review the possibility of reducing District funded scholarships. A 10% cut, for example, totals \$1.4 million. If every student were receiving a scholarship for the current tuition rate for 30 credits per year, this cut of \$1.4 million would mean 657 full time students would lose scholarship support. This either would mean students with a financial need, lose that support, imperiling their ability to attend college or we might need to scale back our presidential scholarship program. Note, this, too could negatively impact a student's ability to attend college if that Presidential scholarship also represented the only means a student had to cover the cost of their education.

**STATE OF ARIZONA
FY 2010 BUDGET REDUCTIONS - ISSUE DESCRIPTIONS**

MARICOPA COMMUNITY COLLEGES

Issue Title: Libraries

Issue Priority: 5

Reduction Amounts:

GENERAL Fund: \$

Total: \$

Amount: \$

Issue Description and Statement of Effects

The District budgets \$11.5 million for libraries. Library staff total \$8.9 million for salary and benefits. Since classes are offered 6 days a week, throughout the summer, and in the evening, our libraries have extended hours, generally open 6 days a week 12-14 hours per day, from early in the morning through the mid-evening. Additionally, we have a 24/7 Ask a Librarian reference service.

As we look at budget reductions, we will examine the feasibility of continuing to maintain the current schedule for libraries. Closing early or limiting weekend hours will certainly deny library services to those who are only available at this time. This will impact their ability to complete class assignments requiring research, make available computers to those who do not own such equipment or to complete additional research to supplement studies.

**STATE OF ARIZONA
FY 2010 BUDGET REDUCTIONS - ISSUE DESCRIPTIONS**

MARICOPA COMMUNITY COLLEGES

Issue Title: Instructional Program

Issue Priority: 6

Reduction Amounts:

GENERAL Fund: \$

Total: \$

Amount: \$

Issue Description and Statement of Effects

The Maricopa Community Colleges currently budgets \$276 million per year for instruction, and with this budget it employs nearly 1,500 residential faculty members and about 5,400 adjunct faculty members. The District offers 9,029 courses and 1,020 degree programs.

Although we will seek to minimize cuts to the instructional program, given the losses in State aid to date, limited growth from property taxes and limited growth from tuition, with further State cuts, we are forced to look at potential cuts to our instructional program. Realistically, sound operations are the sum of the successful operation of all parts of an organization and with the cuts and adjustments we already have made, we can not exclude any area of the organization from an examination of potential cuts, if not actual cuts.

Areas of review include a review of continuing summer sessions. Elimination of summer sessions would mean that 57,186 students would need to take classes during the fall or spring term. This could delay graduation or transfer for students by a minimum of six months.

We also may look at hiring adjuncts instead of residential faculty when vacancies occur. While this will save money, this will negatively impact the instructional program. Adjuncts do not develop curriculum and they do not hold office hours for students. At our smaller colleges, which have fewer faculty, it could mean that some programs no longer have sufficient residential faculty to be viable on their own.

We will look at increasing class sizes. Already between Fall 2008 and Fall 2009, class size increased from 21.5 to 22.3 students.

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We will look at reducing course offerings. This could have the effect of limiting enrollment, even as we are experiencing a 15% increase in enrollment this fall.

**STATE OF ARIZONA
FY 2010 BUDGET REDUCTIONS - ISSUE DESCRIPTIONS**

MARICOPA COMMUNITY COLLEGES

Issue Title: Employee Compensation (salary and benefits)

Issue Priority: 7

Reduction Amounts:
GENERAL Fund: \$

Total: \$

Amount: \$

Issue Description and Statement of Effects

As a service provider, the largest area of spending is on personnel – salary and benefits. The Maricopa Community Colleges have approximately 11,000 full and part-time employees including full-time and adjunct faculty who teach, staff who work in student services areas such as admissions and records, staff who work in academic support areas such as lab technicians, buildings and grounds and crafts workers who maintain 5.3 million square feet of class room space and 1,550 acres of property.

To date, we have not reduced employee salaries, but we did freeze salaries in FY09-10 at the FY08-9 levels. Additionally, we did not fund a 10% increase in health care costs, and instead passed this along to employees.

Even without additional state cuts, as we look towards FY09-10, there will be negative impacts to employee compensation. We understand that a state retirement rate increase is likely in FY09-10. We anticipate that health care costs for our system will increase again by almost 8%. We plan to pass these increases on the employees again and plan, at a minimum, to freeze salaries.

If we are facing a potential additional \$6.8 million in cuts, on top of almost \$25 million cuts (including the expected reduction to dual enrollment funding), we will look at potential reductions to employee compensation, inclusive of salary and benefits. This could include permanent salary reductions. Such cuts would reduce current and future income while working, which may impact an employee's ability to cover mortgage, insurance, and other expenses, adding to the numbers of individuals impacted by this brutal recession and the effect on the State. Permanent salary reductions also might

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reduce Arizona State Retirement System benefits. In other words, employee income might be negatively impacted for the rest of their lives.

Benefit reductions also are possible. This may mean that more health care costs are out-of-pocket, less professional growth is available for skill upgrades, etc. These cuts also impact personal income and could have the same detrimental impacts to personal finance and the state's economy as direct salary reductions. Note that as we continue to eliminate positions to reflect reduced resources, remaining employees find their workloads increasing. Especially when coupled with increased workloads, cuts to employee compensation and benefits may impact the district's ability to recruit and retain employees and may impact employee morale and productivity.